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university partners.*



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November 01, 2016

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**APPROVAL OF AMENDMENT TO AGREEMENTS FOR
TRAUMA CENTER SERVICES
(ALL SUPERVISORIAL DISTRICTS)
(3 VOTES)**

SUBJECT

Request approval of the funding methodology and to amend the existing Trauma Center Services Agreements with twelve non-County trauma hospitals, for the inclusion of payment provisions for the period July 1, 2015 through June 30, 2016.

IT IS RECOMMENDED THAT THE BOARD:

1. Approve the funding methodology for the Fiscal Year (FY) 2015-16 to the Trauma Center Services (TCS) Agreements and authorize the Director of Health Services (Director), or his designee, to execute an amendment to the existing TCS Agreements with twelve non-County trauma hospitals effective upon Board approval to include financial terms for the one year period, of July 1, 2015 through June 30, 2016, for a total County obligation of approximately \$45.23 million, comprised of \$40.18 million of Measure B funds, \$3.67 million from the Maddy Fund, and \$1.38 million from the Richie's Fund.
2. Approve a maximum amount of up to \$32.16 million of Measure B funds as an Intergovernmental Transfer (IGT) for payment to the California Department of Health Care Services (CDHCS) to draw down Federal matching dollars for eligible non-County trauma hospitals (i.e., excluding Ronald Reagan University of California, Los Angeles (UCLA), and Antelope Valley Hospital).

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

24 November 1, 2016

LORI GLASGOW
EXECUTIVE OFFICER

3. Approve the allocation and distribution through the TCS Agreements of an additional approximately \$1.73 million in pediatric trauma allocation (Richie's Fund) to the Pediatric Trauma Centers (PTCs) listed in Attachment B, including \$1.38 million for non-County PTCs and \$0.35 million for County PTCs.
4. Delegate authority to the Director, or his designee, to execute an Amendment to the TCS Agreements to extend the term for one additional six-month period, for the period January 1, 2017 through June 30, 2017, with no financial/obligation terms for the extension period, subject to prior review and approval by County Counsel and notification to the Board and Chief Executive Office (CEO).
5. Delegate authority to the Director, or his designee, to execute an Amendment to the TCS Agreements to extend the term with two County designated trauma centers, for a six month period, for the period January 1, 2017 through June 30, 2017.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

On June 23, 2015 and December 8, 2015, the Board approved two six-month extensions to the TCS Agreements, respectively, with twelve non-County hospitals for maintaining their trauma center designation, through June 30, 2016. These extensions did not provide for payment of indigent and other trauma services and were for the purpose of allowing the Department of Health Services (DHS) to continue to work with the non-County hospitals to develop a payment methodology and return to the Board for approval of amendments to the TCS Agreements.

Previous Methodology

Historically, County's funding was allocated to the non-County hospitals in proportion to the value of trauma claims for uninsured patients, via direct claim-based payments, and lump sum funding that was based upon the percentage of the value of each hospital's unpaid claims as compared to the aggregate value of all non-County hospitals' unpaid claims. In addition, funding was provided to those hospitals that served as base hospitals in the Emergency Medical Services (EMS) system. For actual disbursement of base hospital and lump sum funding, instead of issuing direct payment to private hospitals, DHS utilized a Federally-approved State Plan Amendment (SPA) to increase payments to ten (10) private hospitals by sending an IGT of funds to CDHCS to draw down Federal matching dollars for issuing enhanced Medi-Cal payments to these private hospitals. For the two (2) public hospitals that were ineligible to receive supplemental Medi-Cal payments under the SPA, DHS issued a payment directly to the hospitals.

With the passage of the Affordable Care Act (ACA), the number of uninsured individuals drastically dropped and the volume of uninsured trauma claims declined as well. This decline was so large that in FY 2014-15, there were not sufficient uninsured trauma claims from non-County hospitals to pay out all Measure B funds, based on the County methodology as set forth under the terms of the TCS Agreements. As a result, on May 3, 2016, the Board approved an Amendment to the TCS Agreements providing payment terms for FY 2014-15 and allocated the available funds to be no less than the historical distributions for FY 2013-14.

Proposed Methodology

On June 9, 2015, DHS proposed, in concept, to revise the Measure B funding priorities for non-

County trauma hospitals, and your Board referred the matter back to the Department to continue working with the hospitals to develop a new allocation methodology and return to the Board for approval. Since then, the Department has met on several occasions with the non-County hospitals as a group to collaboratively share ideas and concepts for allocating all available funds, including the estimated maximum Federal matching dollars for FY 2015-16 as allowable under the SPA. As a result of these discussions and negotiations, DHS is requesting approval to allocate County funds totaling approximately \$45.23 million for the twelve non-County hospitals. This includes an IGT of \$32.16 million to be used to draw down Federal matching funds of \$32.16 million, making total funds available for allocation in the amount of approximately \$77.39 million.

This recommendation includes primary allocation for three types of costs:

- Funding for uninsured patients based on prior year (FY 2014-15) payments, totaling \$10.69 million;
- Payment for the cost of serving as a base hospital station in the EMS system, totaling \$7.70 million;
- Richie Fund/pediatric trauma allocation, totaling \$1.38 million.

In an effort to ensure that the County provides a consistent level of funding to the non-County hospitals, even after implementation of the Affordable Care Act, the remaining \$57.62 million are allocated to support the following:

- Supplemental funding to subsidize hospitals for the call panel costs of trauma and specialist physicians for maintaining the 24/7 coverage as required to operate a trauma center regardless of patient volume;
- Additional support to hospitals based on their trauma volume in emergency room and inpatient areas, weighted by the Injury Severity Score (ISS) of their trauma patients to take into account the higher treatment costs of more severely injured patients;
- Additional support to hospitals that serve a significantly disproportionate large number of low-income Disproportionate Share Hospitals (DSH) patients and Medi-Cal patients, thus having relatively less ability to cross-subsidize the costs of providing trauma care to these patients with payments from third-party payers;
- Transitional funding provided for one year to support those hospitals that will experience a decline in funding for FY 2015-16, as compared to FY 2013-14, due to the shift to a new payment methodology.

The proposed FY 2015-16 payments to non-County hospitals are summarized in Attachment A. DHS has met with all non-County hospitals to discuss this proposed allocation method for FY 2015-16 and it reflects the consensus comments and input of the trauma hospitals.

The Department is not planning for the proposed allocation methodology for FY 16-17 to mirror FY 2015-16. Instead, DHS will continue to work with non-County hospitals to come to consensus on an allocation methodology for FY 2016-17.

Approval of the first, second and third recommendations will authorize the Director, or his designee, to execute an amendment to the existing TCS Agreements with financial terms for FY 2015-16 that are substantially similar to Exhibit I, and allow DHS to process payments for FY 2015-16 to non-County hospitals and sending an IGT to CDHCS to draw down Federal matching funds for issuing enhanced Medi-Cal payments to private trauma hospitals.

Approval of the fourth recommendation will delegate authority to the Director, or his designee, to

execute amendments to the TCS Agreements with twelve non-County hospitals for one additional six-month period to June 30, 2017, substantially similar to Exhibit II, to allow DHS to complete the development of a funding methodology for FY 2016-17.

Approval of the fifth recommendation will delegate authority to the Director, or his designee, to execute amendments to the existing County TCS Agreements with two County designated trauma centers for one additional six-month period to June 30, 2017, substantially similar to Exhibit II.

Implementation of Strategic Plan Goals

The recommendations support Goal 1, Operational Effectiveness, of the County's Strategic Plan.

FISCAL IMPACT/FINANCING

The total maximum obligation for the Amended TCS Agreements for FY 2015-16 is \$45.58 million, including \$0.35 million for County PTCs. This allocation is funded by the following sources: Measure B, \$40.18 million; Maddy Fund, \$3.67 million; and Richie's Fund, \$1.73 million.

The previous funding for the FY 2015-16 TCS Agreements has been rolled over and included in DHS' FY 2016-17 Final Budget.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Pursuant to the authority granted under California Health and Safety (H&S) Code Section 1798.160, the County maintains trauma facilities as part of the regional trauma care system for treatment of potentially seriously injured persons. Division 2.5 of the H&S Code authorizes the local Emergency Medical Services Agency to designate trauma centers as part of the regional trauma care system. There are currently twelve non-County and two County-operated trauma centers in the County. The FY 2015-16 TCS Agreements provide funding to twelve non-County trauma centers under various payment terms that are funded by the following sources.

Measure B Funds

Measure B, passed by the voters on November 5, 2002, authorized the County to levy a tax on structural improvements within the County, in part, to provide funding to strengthen the Los Angeles County trauma network, particularly those trauma hospitals operated by the County, and expand it if possible. Subsequent to Measure B's passage, the Board approved a proposal to allocate Measure B funds among the non-County trauma hospitals in proportion to the value of trauma-related care for uninsured patients. In addition, a payment to reimburse trauma hospitals for costs associated with serving as a base hospital in the Emergency Medical Services system was also approved.

Maddy Fund and Richie's Funds

The County has been receiving funds which are derived from additional penalties assessed on fines and bail forfeitures that the court collects for certain criminal offenses and motor vehicles violations. As permitted by California Government Code Section 76000.5 and H&S Code Section 1797.98a, these funds are placed in the County's Maddy Emergency Medical Services Fund (Maddy Fund) and used by DHS for trauma and emergency services. A portion of the money in the Maddy Fund is designated by statute for the support of pediatric trauma programs and are segregated in the

Richie's Fund. The other Maddy Fund dollars are available to support trauma and emergency services provided by hospitals and physicians.

In accordance with state law, Maddy Fund dollars will be paid to offset a portion of unreimbursed indigent trauma days, and Richie's Fund dollars will be used to enhance pediatric trauma care.

County Counsel has reviewed and approved Exhibit I as to form.

CONTRACTING PROCESS

Not applicable as these are extensions of current agreements.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of the recommendations will provide the cash flow and funding to the non-County trauma centers to cover the costs of providing necessary trauma services and ensure they continue their participation in the trauma network.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mitchell Katz", is written over a horizontal line.

Mitchell H. Katz, M.D.

Director

MHK:jw

Enclosures

c: Chief Executive Office
County Counsel
Executive Office, Board of Supervisors

County of Los Angeles - Department of Health Services
Proposed Payments to Trauma Hospitals for FY 2015-16

Proposed Payments to Hospitals^(a)

	(1)	(2)	(3)	(4a)	(4b)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
	<u>Est. Indigent</u>	<u>Base Station</u>	<u>Call Panel</u>	<u>Trauma</u>	<u>Trauma</u>	<u>Medi-Cal</u>	<u>DSH</u>	<u>Ped. Trauma</u>	<u>Transitional</u>	<u>FY 15-16</u>	<u>FY 13-14</u>		<u>Incremental</u>	
<u>Hospitals</u>	<u>Funding</u>	<u>Funding</u>	<u>Supplement</u>	<u>ER ISS</u>	<u>Inpatient ISS</u>	<u>Days/Visits</u>	<u>Funding</u>	<u>Funding</u>	<u>Funding</u>	<u>Payments</u>	<u>Payments</u> ^(b)	<u>Variance</u>	<u>Medi-Cal</u>	<u>Net</u>
										(1) thru (8)		(9)-(10)		(11)+(12)
Antelope Valley Hospital	\$ 271,226	\$ 700,000	\$ 1,083,334	\$ 376,426	\$ 737,339		\$ 546,326			\$ 3,714,651	\$ 1,374,097	\$ 2,340,554		
California Hospital Medical Center	941,538	700,000	1,083,334	889,225	1,051,949	3,285,168	4,329,409		621,156	12,901,779	13,461,980	(560,201)		
Cedars-Sinai Medical Center	726,246	700,000	1,083,334	390,980	1,182,874	1,314,716		276,584	317,563	5,992,297	6,278,698	(286,401)		
Children's Hospital Los Angeles			1,083,334	102,281	392,234	617,321	1,379,537	276,584		3,851,291	1,825,938	2,025,353		
Henry Mayo Newhall Memorial	133,913	700,000	1,083,333	200,175	577,977	523,181				3,218,579	2,516,678	701,901		
Huntington Memorial Hospital	938,881	700,000	1,083,333	482,694	999,276	768,270				4,972,454	2,153,352	2,819,102		
Long Beach Memorial Medical Center	1,795,882	700,000	1,083,333	379,616	943,204	952,222		276,584	1,078,987	7,209,828	8,182,934	(973,106)		
Northridge Hospital Medical Center	765,039	700,000	1,083,333	332,562	776,777	960,879		276,584		4,895,174	4,631,865	263,309		
Providence Holy Cross Medical Center	2,667,036	700,000	1,083,333	413,709	993,820	1,741,052	286,764		3,911,834	11,797,548	13,297,548	(1,500,000)		
Ronald Reagan UCLA Medical Center	38,550	700,000	1,083,333	468,738	888,384			276,584		3,455,589	2,053,730	1,401,859		
St. Francis Medical Center	2,160,057	700,000	1,083,333	765,412	1,170,710	2,084,611	2,301,669		683,662	10,949,454	11,566,028	(616,574)		
St. Mary Medical Center	248,430	700,000	1,083,333	198,182	285,456	752,580	1,156,295			4,424,276	3,399,941	1,024,335		
Incremental Medi-Cal / All Hospitals													15,420,500	
Total	\$ 10,686,798	\$ 7,700,000	\$ 13,000,000	\$ 5,000,000	\$ 10,000,000	\$ 13,000,000	\$ 10,000,000	\$ 1,382,920	\$ 6,613,202	\$ 77,382,920	\$ 70,742,789	\$ 6,640,131	\$ 15,420,500	\$ 22,060,631

^(a) Proposal is subject to Board approval. Exclude the County's subsidy for Trauma Center/Base Hospital annual fees totaling \$1M that the County has waived the payments from trauma hospitals.

^(b) Include \$1.3M of FY 13-14 Pediatric Trauma Funding distributed to Pediatric Trauma Centers in September 2014.

PEDIATRIC TRAUMA CENTERS**NON-COUNTY PEDIATRIC TRAUMA CENTERS**

1) Cedars-Sinai Medical Center	\$ 276,584
2) Children's Hospital Los Angeles	276,584
3) Long Beach Memorial Hospital	276,584
4) Northridge Hospital Medical Center	276,584
5) Ronald Reagan UCLA Medical Center	276,584
Subtotal	<u>\$ 1,382,920</u>

COUNTY-OPERATED PEDIATRIC TRAUMA CENTERS

6) LAC+USC Medical Center	\$ 208,376
7) Harbor-UCLA Medical Center	138,917
Subtotal	<u>\$ 347,293</u>

Total	<u><u>\$ 1,730,213</u></u>
-------	----------------------------

Agreement No.: _____

TRAUMA CENTER SERVICE AGREEMENT

Amendment No. _____

THIS AMENDMENT is made and entered into this ____ day of November, 2016,

By and between

COUNTY OF LOS ANGELES
(hereafter "County")

And

(hereafter "Contractor")

Business Address:

WHEREAS, reference is made to that certain document entitled "Trauma Center Service Agreement," dated _____, and further identified as Agreement No. _____, and any amendments thereto (all hereafter referred to as "Agreement") and,

WHEREAS, it is the intent of the parties hereto to amend Agreement to modify certain of its payment provisions; and

WHEREAS, Agreement provides that changes in accordance to Additional Provisions, Paragraph 24, Merger Provision may be made in the form of an Amendment which is formally approved and executed by the parties; and

WHEREAS, Contractor warrants that it possesses the competence, expertise and personnel necessary to provide services consistent with the requirements of this Agreement and consistent with the professional standard of care for these services.

NOW, THEREFORE, THE PARTIES HERETO AGREE AS FOLLOWS:

1. This Amendment shall be effective for services provided on or after July 1, 2015.
2. Agreement Exhibit B-1, Provisions for Reimbursement, is deleted in its entirety and replaced by Exhibit B-2 attached hereto and incorporated herein by reference. All reference in Agreement to Exhibit B-1 shall be deemed to be references to Exhibit B-2.
3. The Parties acknowledge and agree that none of the financial provisions in the Agreement apply to services provided on or after July 1, 2016.
4. Except for the changes set forth hereinabove, Agreement shall not be changed in any respect by this Amendment.

IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Amendment to be executed by the County's Director of Health Services or his authorized delegate and Contractor has caused this Amendment to be executed in its behalf by its duly authorized officer, on the day, month, and year written above.

COUNTY OF LOS ANGELES

By: _____

Mitchell Katz
Director of Health Services

CONTRACTOR

By: _____

Signature

Printed Name

Title

APPROVED AS TO FORM:

MARY C. WICKHAM
County Counsel

By _____

EDWARD A. MORRISSEY
Principal Deputy County
Counsel

TRAUMA CENTER SERVICE AGREEMENT

EXHIBIT B-2

PROVISIONS FOR REIMBURSEMENT

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TRAUMA CENTER SERVICE AGREEMENT

EXHIBIT B-2

PROVISIONS FOR REIMBURSEMENT

I. ELIGIBLE INDIGENT CARE FUNDING

A. BUDGET ALLOCATION:

The funding term described in this Section is only applicable to non-County trauma hospitals except Children's Hospital Los Angeles. For the term of this Agreement, County has established a budget allocation for each hospital providing medical care to eligible indigent patients during the contract period (Fiscal Year 2015-2016). The budget allocations are as follows:

Antelope Valley Hospital	\$ 271,225
California Hospital Medical Center	\$ 941,537
Cedars-Sinai Medical Center	\$ 726,245
Henry Mayo Newhall Memorial Med. Ctr.	\$ 133,913
Providence Holy Cross Medical Center	\$ 2,667,036
Huntington Memorial Medical Center	\$ 938,882
Long Beach Memorial Medical Center	\$ 1,795,882
Northridge Hospital Medical Center	\$ 765,040
St. Francis Medical Center	\$ 2,160,058
St. Mary Medical Center	\$ 248,430
Ronald Reagan UCLA Medical Center	\$ 38,550

The above allocations are included in the formula to compute the amounts of FY 2015-16 Lump Sum Funding for payments to hospitals in Section II of this Exhibit. These allocations are determined based on the County's FY 2014-15 actual claims-based payments, net of refunds. Payments to non-County trauma hospitals will be processed either directly from the County or as enhanced Medi-Cal payments from the California Department of Health Care Services (CDHCS) as set forth in this Exhibit.

The allocations as set forth above are in consideration for the provision of trauma care by these non-County trauma hospitals to eligible patients.

Maddy Funds: Contractor is required to submit a claim to the County for the hospital care rendered to eligible patients within this contract period from July 1, 2015 through June 30, 2016. Based on patient visits and days, County will use the rates below to disburse Maddy Funds to each hospital for FY 2015-16. Maddy Funds are included for determining the full funding for the above allocations. Disbursement of Maddy Funds is included in the amount of County direct payment to each hospital under Section II of this Exhibit.

\$ 6,425 per emergency department visit and
assessment. (No such fee will be paid if

the patient is admitted to the hospital as
an inpatient from the emergency department.)
\$12,471 for the first inpatient day; and
\$ 5,417 for the second inpatient day; and
\$ 4,283 for the third inpatient day; and
\$ 4,283 for the fourth inpatient day; and
\$ 3,023 for each day thereafter.

B. GENERAL CONDITIONS:

Contractor shall provide hospital care for treatment of trauma patients hereunder who are unable to pay for the treatment and for whom payment for such services has not been made and will not be made through private coverage or by any program funded in whole or in part by the federal and/or State government. Contractor will determine and document persons who are eligible for services coverage hereunder. Only eligible patients (i.e., (1) those unable to pay for services, and (2) for whom there is no third-party coverage in part or in whole for trauma services provided) qualify under this funding program. A claim shall not be submitted to the County for any patient if: (a) the patient has the ability to pay for the service, but refuses or fails to pay for same; or (b) Contractor has failed to submit to any known third-party

payer(s) for the patient, an accurate, complete, and timely billing, and for that reason has been denied payment by such payer(s); or (c) for any patient care which is covered in, or the subject of reimbursement in, any other contract between Contractor and County.

County funding is limited to trauma patients without the ability to pay for the services and for whom Contractor has made a reasonable, good faith effort to determine if there is a responsible private or public third-party source of payment, and it is determined that there is no source of payment.

During the term of this Agreement, as required by Section 16818 of the Welfare and Institutions Code (W&IC), Contractor shall continue to provide, at the time treatment is sought by a patient at its facility, individual notice of the availability of reduced cost hospital care. Additionally, Contractor shall post, in conspicuous places in its emergency department and patient waiting rooms, notices of the procedures for applying for reduced cost hospital care. The approved "Notice" language is reflected in English in Attachment "B-2" and in Spanish in Attachment "B-3".

C. PATIENT ELIGIBILITY:

For a patient to be eligible for the Contractor to submit a claim to the County, Contractor must at a minimum document that it has made reasonable efforts to secure payment from the patient by billing (at least monthly) for a period of no less than two (2) months after the date of discharge, with a minimum of three (3) billings. Financial notes must clearly indicate that the patient was billed at least three (3) times. Contractor must document that the person cannot afford to pay for the services provided by the Contractor. This documentation must show that the patient's annual income places the patient at or below 200% of the current year Federal Poverty Level. Contractor must also document that payment for the services will not be covered by third-party coverage, or by any program funded in whole or in part by the federal government; and, that Contractor has not received payment for any portion of the amount billed.

Contractor will determine and document the patients who are eligible for trauma care coverage hereunder in accordance with the procedures set forth in Attachment "B-1", Trauma Service County Eligibility ("TSCE") Protocol, attached hereto and incorporated herein by reference.

Attachment "B-1.1", Trauma Service County Eligibility ("TSCE") Agreement form shall be utilized by Contractor as the sole means for determining whether the patient is at or below the 200% of the current year Federal Poverty Level and therefore meets patient's eligibility criteria for trauma care coverage during the term of this Agreement. The TSCE Agreement form must be completed and signed by the patient or the patient's responsible relative(s) at the time it is determined there is not a responsible private or public third-party source of payment and that the patient meets the eligibility requirements. The completed form must be signed and dated by a hospital representative who obtained the information verifying that the information was obtained from the patient or the patient's responsible relative(s). If a TSCE Agreement form cannot be secured because the patient or the patient's responsible relative(s) is (are) unable to cooperate in providing the necessary financial information, then Attachment "B-1.1", *Hospital Certification of Inability to Cooperate* form must be completed. If the Inability to Cooperate form is used it should be completed at the initial interaction with the patient or the patient's responsible relative(s). A hospital representative will complete the form, sign and date it and a second hospital representative will

verify the information by also signing and dating the form. The original (or electronic scan) of either the *TSCE* or *Inability to Cooperate* form must be maintained by Contractor as part of its financial records. Contractor shall submit a copy of the applicable form to the County Emergency Medical Services (EMS) Agency when submitting a claim to be included in the indigent claims total as stated in Attachment "B-4", *Instructions for Submission of Claims and Data Collection*.

Documentation to establish that Contractor has complied with the aforementioned patient eligibility requirements must be maintained by Contractor and made available upon request, pursuant to Paragraph 5, of the Additional Provisions Exhibit of this Agreement, to authorized County or State representatives for inspection, audit, and photocopying.

D. CLAIMS SUBMISSION:

Contractor shall submit all claims that meet the eligibility requirements to the County, for the period of July 1, through June 30, of the applicable fiscal year. These claims, subject to the following conditions, will be used to determine the amount of indigent care allocation to be included in the formula to compute the amount of Lump Sum Funding for Contractor for the contract period(s) following

Fiscal Year 2015-2016.

a) A valid claim shall be limited to trauma services provided to eligible indigent patients for whom Contractor is required to complete a Trauma Patient Summary ("TPS") form, Attachment "D-2", of Agreement.

b) Contractor shall submit required reports as set forth in Attachment "B-4", *Instructions for Submission of Claims and Data Collection*, attached hereto and incorporated herein by reference to County's Emergency Medical Services Agency, 10100 Pioneer Boulevard, Suite 200, Santa Fe Springs, California 90670, for trauma care provided under the terms of this Agreement, and this claim shall be used to determine a portion of the trauma center overall funding from the County.

c) Claims submitted to the County shall be limited to the hospital component of trauma services provided to eligible indigent patients during the term of this Agreement. Inclusion of the claim shall be limited to the claims for which all required data is in the Trauma and Emergency Medicine Information System (TEMIS) and which has been submitted as required by reporting procedures reflected in Attachment "B-4".

d) All Contractor claims for services provided during

the County Fiscal Year (FY) (July 1 - June 30) must be received by County within six (6) months after the close of this contract period (June 30), no later than the last working day of December. Only claims that have not been paid and Trauma Hospital has ascertained that no payment will be received should be submitted.

e) Upon submission of claim by Contractor to County for a trauma patient's care, Contractor assigns and subrogates to County any and all rights to collection as set forth herein, and Contractor shall cease all current and waive all future collection efforts, by itself and by its contractors/agents, to obtain any payment from the patient. At its sole discretion, County and/or County's Contractor may proceed independently against such parties for reimbursement to the extent permitted by law. The rights hereby assigned and subrogated to County under this provision include reimbursement up to the full amount of usual and customary fees (including, for example, billed charges) for patient care and services regardless of any amount the Contractor has received under the TCSA. In the event Contractor is contacted by other third party's representative (e.g., insurance claim adjuster) or a patient's attorney

regarding pending litigation, Contractor shall indicate that the claim for services provided to their client is assigned and subrogated to the County and refer such representative to the designated County contact. Contractor shall reasonably cooperate with County in its collection efforts.

f) Contractor shall notify the County, and update the financial status of patient in TEMIS, if they become aware of any third party coverage such as Medi-Cal, Medicare, other government programs, or other health insurance for any claim they submitted to be included in the indigent funding calculation. The County has all rights to work with the identified third party payor to recoup any payment due.

g) Any and all payments received by Contractor from a trauma patient or from third-party payers, including a legal settlement, for claims previously submitted to the County, must be immediately reported to the County and the payment amount shall be surrendered and returned to the County since Contractor assigned and subrogated their rights to said claim. The payment received by the Contractor must be provided to the County within sixty (60) days of receipt of the payment and a *TRAUMA HOSPITAL*

PAYMENT SURRENDER FORM (Attachment B-6) must be completed and submitted with each payment the hospital is surrendering.

h) For trauma patients admitted to Contractor's facility prior to or on the last day during the term of this Agreement, and remaining in the hospital after that date, reports and claim submission to County shall be submitted only after patient has been discharged (no partial billings).

i) All reports and claims shall be completed in such detail and with such attachments in accordance with procedures prescribed in writing in Attachment "B-4". Contractor hereby acknowledges receipt of such forms, attachments, and procedures.

j) Claims shall be submitted to County's EMS Agency on an on-going basis once all eligibility requirements have been met and the Contractor has all reason to believe that no other source of funding is available, but no later than six (6) months after the close of this contract period (the last working day of December) during which services were provided.

E. AUDITING OF RECORDS:

Contractor shall maintain and upon request make available to State or County representatives records of all of the financial information referenced in this Paragraph, including records of patient and third-party payer payments, all in accordance with Paragraph 5 of the Additional Provisions Exhibit of this Agreement.

a) County may periodically conduct an audit of the Contractor's records. Audits shall be performed in accordance with generally accepted auditing standards. The audit may be conducted on a statistically random sample of submitted claims for a fiscal year. The scope of the audit shall include an examination of patient medical and financial records, patient and/or insurance billing records, and collection agency reports associated with the sampled claims.

b) Audited submitted claims that do not comply with program requirements shall result in the Contractor's next year final allocation for indigent patients being reduced by the percentage of audited claims that were not in compliance. For example, if 20 claims audited and 2 claims were not in compliance with the program requirements, Contractor's next year final indigent allocation would incur a 10% reduction. Audit results

may be appealed to the EMS Agency Director, or his/her designee.

II. LUMP SUM FUNDING

The County provides the following Lump Sum Funding to non-County Trauma Centers for FY 2015-16 to assure the continuance of emergency care access for Medi-Cal beneficiaries and stabilize the provision of trauma care services in Los Angeles County. The County's maximum obligation for Lump Sum Funding shall not exceed \$39.30 million and the allocation is to be funded by the following sources: Measure B, \$35.63 million; Maddy Fund, \$3.67 million.

A. EMERGENCY CARE ACCESS FOR MEDI-CAL BENEIFICIARIES

The parties acknowledge that a State Plan Amendment (SPA) effective July 1, 2003, was approved by the United States Department of Health and Human Services, Center for Medicare and Medicaid Services. The SPA enables private trauma hospitals in Los Angeles County to receive enhanced Medi-Cal payments, including federal matching funds upon payment by the County of an intergovernmental transfer (IGT) of funds pursuant to Section 14087.3 of the W&IC. Pursuant to the SPA and a related interagency agreement between the County and the California Department of Health Care Services

(CDHCS), the IGT and federal matching funds are distributed among the County-designated private trauma hospitals in a lump sum amount to ensure continued access by Medi-Cal beneficiaries to trauma and emergency room care in the County.

The parties acknowledge and agree that on-going discussions regarding the impending effect of the Affordable Care Act upon patient care providers may affect the conditions and requirements under the current SPA. The parties acknowledge and agree that on-going discussions regarding the impending effect of the Affordable Care Act upon patient care providers may affect the conditions and requirements under the current SPA. The parties agree that the County may not be able to disburse these funds to the providers or submit for enhanced Medi-Cal payments, including federal matching funds.

Except for Ronald Reagan UCLA Medical Center and Antelope Valley Hospital, it is the intent of the County, and the County shall recommend to the State, that payment to each private trauma hospital be the amount set forth below, which include both funding from the County's IGT and allowable federal matching funds. Such payment shall be made pursuant to a separate agreement between the trauma hospital and the State or its intermediary, subject to the limitations set forth in the SPA.

The aggregate amounts to be recommended for each private trauma hospital are as follows:

California Hospital Medical Center	\$11,536,432
Cedars-Sinai Medical Center	\$ 4,905,232
Children's Hospital Los Angeles	\$ 3,574,708
Henry Mayo Newhall Memorial Med. Ctr.	\$ 2,500,120
Providence Holy Cross Medical Center	\$ 9,693,870
Huntington Memorial Medical Center	\$ 3,983,512
Long Beach Memorial Medical Center	\$ 5,416,964
Northridge Hospital Medical Center	\$ 3,530,538
St. Francis Medical Center	\$ 9,309,936
St. Mary Medical Center	<u>\$ 3,558,688</u>
Total	\$58,010,000

The above aggregate total includes County IGT of \$29,005,000 and Federal matching funds of \$29,005,000.

Contractor acknowledges that the amounts payable under the SPA are limited to the uncompensated costs of providing outpatient hospital services of all eligible private trauma hospitals in Los Angeles County and are also limited by the State's upper payment limit, as established in 42 C.F.R. Section 447.321. To the extent that either or both limits

preclude the State from paying all of the aggregate amounts set forth below, the amount to be recommended by the County for each private trauma hospital shall be reduced by the same percentage as the percentage of total allowable supplemental payments is to total recommended supplemental Medi-Cal payments to all private trauma hospitals.

B. STABILIZATION OF TRAUMA CARE SERVICES

To stabilize the trauma care services in Los Angeles County, the County shall make the following Lump Sum payments directly to the non-County trauma hospitals:

Antelope Valley Hospital	\$ 3,014,650
California Hospital Medical Center	\$ 665,347
Cedars-Sinai Medical Center	\$ 110,483
Henry Mayo Newhall Memorial Med. Ctr.	\$ 18,459
Providence Holy Cross Medical Center	\$ 1,403,678
Huntington Memorial Medical Center	\$ 288,942
Long Beach Memorial Medical Center	\$ 816,280
Northridge Hospital Medical Center	\$ 388,052
St. Francis Medical Center	\$ 939,518
St. Mary Medical Center	\$ 165,588
Ronald Reagan UCLA Medical Center	<u>\$ 2,479,003</u>
Total	\$10,290,000

The above payments shall be made at or about the same time that the IGTs for the private trauma hospitals are sent to the State.

III. FUNDING FOR BASE HOSPITAL SERVICES FOR CONTINUED ACCESS TO EMERGENCY CARE FOR MEDI-CAL BENEFICIARIES:

The County's maximum obligation for base hospital services, funded by Measure B taxes, shall not exceed \$4.55 million for FY 2015-16. To account for the special costs incurred for those Contractors providing base hospital services and to ensure the continued access by Medi-Cal beneficiaries to emergency rooms and emergency room care in the County by maintaining efficient prehospital transport of all patients to the most appropriate emergency room, the County will recommend to the State that it makes an aggregate supplemental payment in the amount of \$700,000 per private trauma hospital pursuant to pg. 51a of Attachment 4.19B of the State Plan. (However, no such payment shall be made to Children's Hospital Los Angeles, which does not provide base hospital services.) This supplemental payment is in addition to the amounts of Lump Sum Funding set forth in Section II (A) above. The County intends to make to the State a full IGT equal to the non-federal share of such recommended payments,

(i.e., 50% of the aggregate \$700,000 per private trauma hospital) subject to Section IV below.

Due to their status as public institutions, Ronald Reagan UCLA Medical Center and Antelope Valley Hospital may not receive these supplemental Medi-Cal payments under the State Plan. Accordingly, the County will directly pay each of those hospitals the amount of \$700,000. The payment will be paid at or about the same time as County makes its IGT payment to the State.

IV. POTENTIAL IGT FOR FEDERAL MATCHING FUNDS:

The County may recommend that (1) the Lump Sum Funding as stated above in Section II (A), and (2) the Base Hospital Services Funding as stated above in Section III, for the private Trauma Centers, be transferred to the State as an IGT, to obtain enhanced trauma payments to be paid through the Medi-Cal program to include federal matching funds, and funded through an IGT.

The parties acknowledge and agree that some or all of the IGT which the County intends to make to effectuate the provisions of this Agreement may not be capable of drawing down federal matching funds under the SPA. To the extent that is true, the parties agree that the County shall have no obligation to make an IGT of such amounts and shall instead provide such funds directly to the

private Trauma Centers. The amount of such direct payment shall not exceed the County's funding used to calculate the payment amounts in Section II (A) II and Section III above.

V. FUNDING FOR PEDIATRIC TRAUMA CENTERS:

The parties acknowledge that Chapter 841 of the Statutes of 2006, authorized the County Board of Supervisors (Board), until December 31, 2008, to elect to levy an additional penalty in the amount of \$2 for every \$10, upon fines, penalties, and forfeitures collected for specific criminal offenses. This authority was subsequently extended to December 31, 2013 by Chapter 288 of the Statutes of 2008. New legislation (SB 191) was chaptered October 5, 2013 and Section 76000.5 of the Government Code was amended extending these provisions through January 1, 2017.

SB 1773 and the subsequent SB 191 further authorized the Board to utilize fifteen percent (15%) of the funds collected pursuant to these provisions (known as Richie's fund) to provide funding to enhance pediatric trauma services by both publicly and privately owned and operated Pediatric Trauma Centers (PTCs) throughout the County.

Actual FY 2014-15 Richie Fund collections available for allocation to non-County PTCs for FY 2015-16 are \$1,382,920. This

amount is allocated to PTCs for expansion of pediatric trauma care services as follows:

Cedars-Sinai Medical Center	\$ 276,584
Children's Hospital Los Angeles	\$ 276,584
Long Beach Memorial Medical Center	\$ 276,584
Northridge Hospital Medical Center	\$ 276,584
Ronald Reagan UCLA Medical Center	<u>\$ 276,584</u>
Total	\$ 1,382,920

All non-County PTCs will be notified of actual allocations in November 2016, and payments shall be issued in December 2016.

VI. Effective Dates

The provisions of this Exhibit B-2 shall only apply to trauma services provided on or after July 1, 2015 and before July 1, 2016.

Agreement No.: _____

TRAUMA CENTER SERVICE AGREEMENT

Amendment No.

THIS AMENDMENT is made and entered into this _____ day of _____, 2016,

By and between

COUNTY OF LOS ANGELES
(hereafter "County"),

And

(hereafter "Contractor")

Business Address:

WHEREAS, reference is made to that certain document entitled "Trauma Center Service Agreement," dated June 17, 2008, and further identified as Agreement No. _____, and any amendments thereto (all hereafter referred to as "Agreement") and,

WHEREAS, it is the intent of the parties hereto to amend Agreement to extend its term and to provide for the other changes set forth herein; and

WHEREAS, Agreement provides that changes in accordance to Additional Provisions, Paragraph 24, Merger Provision may be made in the form of an Amendment which is formally approved and executed by the parties; and

WHEREAS, Contractor warrants that it possesses the competence, expertise and personnel necessary to provide services consistent with the requirements of this Agreement and consistent with the professional standard of care for these services.

NOW, THEREFORE, THE PARTIES HERETO AGREE AS FOLLOWS:

1. This Amendment shall commence and be effective upon execution with such date shown on page 1 of this Amendment.
2. Agreement, Paragraph 1, Term, Subparagraph A is deleted in its entirety and replaced as follows:

3. Except for the changes set forth hereinabove, Agreement shall not be changed in any respect by this Amendment.

/

IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Amendment to be executed by the County's Director of Health Services and Contractor has caused this Amendment to be executed in its behalf by its duly authorized officer, the day, month, and year first above written.

COUNTY OF LOS ANGELES

By: _____
Mitchell H. Katz, M.D.
Director of Health Services

CONTRACTOR

By: _____
Signature

Printed Name

Title

APPROVED AS TO FORM:

MARY C. WICKHAM
County Counsel

By _____
Edward A. Morrissey, Principal Deputy County Counsel